

Message Text

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PAGE 01 STATE 047668
ORIGIN ARA-14

INFO OCT-01 ISO-00 AID-05 OES-07 EB-08 OPIC-03 XMB-02
L-03 IGA-02 /045 R

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APPROVED BY ARA - JBUSHNELL
ARA:RARELLANO
ARA:SSHELTON; ARA/RPP:JPARKER
AID/AA/RDP:MDILEGGE
OES:JDARDIS
EB/OFPP/FPG:SJOHNSON
OPIC:TMANSBACH
EXIM BANK:TKINGSLEY;WGLICK
ARA/ECP:SHROGERS

-----010542 240344Z /72

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FM SECSTATE WASHDC
TO AMEMBASSY NASSAU IMMEDIATE

C O N F I D E N T I A L STATE 047668

E.O. 11652: DGS

TAGS: MARR, BF, US, EAID

SUBJECT: FACILITIES NEGOTIATIONS/ECONOMIC COOPERATION

REF: NASSAU 335

1. SUBJECT TO GCOB CONCURRENCE, USG ECONOMIC TEAM WILL
ARRIVE NASSAU SHORTLY AFTER MARCH 6-7 FACILITIES NEGOTIATIONS (PREFERRED DATES ARE MARCH 13-14). TENTATIVE
PLAN IS FOR THE GROUP TO CONSIST OF STEPHEN ROGERS,
DIRECTOR OF ARA'S OFFICE OF REGIONAL ECONOMIC POLICY
(HEAD OF DELEGATION); PLUS JOHN GRIFFITH, DEPUTY
DIRECTOR ARA'S OFFICE OF CARIBBEAN AFFAIRS; MICHAEL
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 047668

DILEGGE, LATIN AMERICA PROGRAM OFFICER IN AID'S
OFFICE OF REIMBURSABLE DEVELOPMENT PROGRAMS; AND ONE
OR TWO OTHERS. EMBASSY OFFICER(S), OF COURSE, WILL
ALSO PARTICIPATE AS PART OF THE TEAM.

2. YOU MAY EXPLORE THIS POSSIBILITY WITH GCOB, EMPHASIZING THAT AT THIS STAGE THE TEAM'S PURPOSE WILL BE

PURELY EXPLORATORY. IT WILL WANT TO BE INFORMED OF GCOB'S IDEAS REGARDING PROSPECTIVE COOPERATION ACTIVITIES. THESE WILL BE EXPLORED IN DEPTH BY TEAM UPON ITS RETURN TO WASHINGTON. MOST LIKELY ANOTHER USG OFFICIAL (QUITE LIKELY DAS RICHARD ARELLANO) WILL VISIT NASSAU SOON THEREAFTER TO HOLD ADDITIONAL DISCUSSIONS.

3. FOLLOWING ARE MOST LIKELY AREAS OF ECONOMIC COOPERATION. THESE SHOULD NOT BE DISCUSSED WITH THE GCOB AT THIS TIME--FURTHER INSTRUCTIONS WILL FOLLOW:

(A) U.S. REIMBURSABLE DEVELOPMENT PROGRAM: UNDER THIS PROGRAM, BAHAMIANS SELECTED BY THE GCOB COULD BE TRAINED IN THE U.S. IN A VARIETY OF TECHNICAL AND ACADEMIC FIELDS WHERE THE NEED IS CRITICAL. ALSO, U.S. TECHNICIANS COULD BE EMPLOYED (SECONDED) BY THE GCOB TO WORK IN ITS MINISTRIES AND OTHER GCOB AGENCIES UNDER SPECIAL AGREEMENTS. THESE PROGRAMS WOULD BE FUNDED BY THE GCOB AND ADMINISTERED BY AID IN THE U.S. UNDER NEGOTIATED AGREEMENTS. TECHNICAL SERVICES UNDER THESE AGREEMENTS WOULD DRAW ON THE EXPERTISE AND SERVICES OF ALL U.S. FEDERAL DEPARTMENTS, AGENCIES AND U.S. ACADEMIC INSTITUTIONS. EMBASSY SHOULD NOTE THAT THIS IS NOT A STANDARD AID CONCESSIONAL-TYPE PROGRAM. THE GCOB PAYS FOR THE SERVICES AND COMMODITIES BASED ON SPECIFIC AGREEMENTS AND ON GCOB'S OWN DEVELOPMENT NEEDS. CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 047668

(B) EXIM BANK: THE BAHAMAS CARRY A SATISFACTORY CREDIT RATING WITH EXIM AND THERE ARE NO SPECIAL LOAN RESTRICTIONS APPLICABLE. ORDINARILY, EXIM OFFERS DIRECT CREDIT FOR LONG-TERM PROJECTS INVOLVING SEVERAL MILLIONS OF DOLLARS TO FINANCE EXPORTS OF U.S. GOODS AND SERVICES. (IT MAY BE DIFFICULT TO DEVELOP ECONOMICALLY VIABLE PROJECTS IN THE BAHAMAS OF SUFFICIENT MAGNITUDE, BUT THE EXIM IS WILLING TO CONSIDER GCOB PROPOSALS.) EXIM'S CREDIT INSURANCE AND GUARANTY PROGRAMS ARE USUALLY USED FOR MEDIUM-TERM SALES OR FOR AMOUNTS ABOVE \$500,000. EXIM CAN PROVIDE A LINE OF CREDIT TO FOREIGN COMMERCIAL BANKS UNDER ITS COOPERATIVE FINANCING FACILITY (CFF) FOR IMPORTS FROM THE U.S. BELOW \$500,000, THE TYPE MOST LIKELY TO BE USED IN THE BAHAMAS. EXIM WOULD BE PREPARED TO CONSIDER A MODERATE SIZE CFF PROGRAM FOR BAHAMIAN COMMERCIAL BANKS.

(C) OPIC: WHILE THERE IS NO OPIC AGREEMENT WITH THE BAHAMAS, AND OPIC PROGRAMS ARE NOT OPERABLE AT PRESENT, SOME ARRANGEMENTS MIGHT BE WORKED OUT. THE

BAHAMAS' RECENT ADHESION TO THE IDB APPEARS TO QUALIFY IT AS AN LDC UNDER PRESENT OPIC GUIDELINES. WHILE OPIC NOW CONCENTRATES ITS MAJOR ACTIVITIES IN THE POORER LDCS, AS AN UPPER INCOME LDC, THE BAHAMAS WOULD BE ELIGIBLE FOR A RESTRICTED RANGE OF OPIC PROGRAMS. THESE ARE: PROJECTS HAVING A

SIGNIFICANTLY DEVELOPMENTAL IMPACT, SMALL BUSINESS OR COOPERATIVES, ENERGY DEVELOPMENT OR RAW MATERIALS. OPIC WOULD BE WILLING TO EXPLORE THE POSSIBILITY OF CONCLUDING AN AGREEMENT WITH THE BAHAMAS. THIS DECISION, OF COURSE, WOULD BE SUBJECT TO OPIC BOARD APPROVAL.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 047668

(D) WEATHER AND GEOLOGICAL SERVICES: IF SUCH PROGRAMS ARE OF INTEREST TO THE GCOB, COOPERATIVE (MUTUALLY FINANCED) ARRANGEMENTS MIGHT BE DEVELOPED IN THESE SCIENTIFIC/TECHNICAL FIELDS. THIS COULD INCLUDE LAND-BASED AND/OR SATELLITE FACILITIES. PROVISION OF WEATHER-RELATED INFORMATION AND JOINT ACTIVITIES FOR THE EXPLORATION OF LAND AND SEA RESOURCES MIGHT BE DEVELOPED WITH THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (INCLUDING ITS WEATHER SATELLITE SERVICE) AND/OR THE U.S. GEOLOGICAL SURVEY (INCLUDING ITS EARTH RESOURCES OBSERVATION SYSTEM PROGRAMS USING LANDSAT DATA, FOR EXAMPLE, COASTAL SEDIMENTATION, SUBSURFACE SHELFING). THERE CURRENTLY EXISTS A COOPERATIVE METEOROLOGICAL PROGRAM BETWEEN NOAA AND THE BAHAMAS METEOROLOGICAL OFFICE.

(E) PL 480: WHILE THERE IS NO ROOM AT PRESENT FOR ADDITIONAL ALLOCATIONS OUT OF THE CURRENT YEAR'S PROGRAM, SOME POSSIBILITY EXISTS FOR THE FUTURE, PROVIDED CONDITIONS (INCLUDING USUAL MARKETING REQUIREMENT) CAN BE MET. IT IS UNCERTAIN, HOWEVER, WHETHER THIS IS THE TYPE OF ASSISTANCE THE BAHAMAS WOULD FIND BENEFICIAL AND ARE THEREFORE LIKELY TO SEEK.

(F) CCC: OPPORTUNITIES ARE SOMEWHAT BRIGHTER FOR FINANCING UNDER THIS PROGRAM THAN UNDER PL 480, THOUGH MARKET DEVELOPMENT (ADDITIONALITY) JUSTIFICATION WOULD HAVE TO BE FOUND. AGAIN, HOWEVER, AS WITH PL 480, THE FINANCING OF FOOD IMPORTS MAY NOT DIRECTLY OR EVEN INDIRECTLY SERVE THE BAHAMA'S REQUIREMENTS. TEAM, NEVERTHELESS, WOULD BE PREPARED
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PAGE 05 STATE 047668

TO RECEIVE ANY PROPOSALS FOR EITHER CCC OR FUTURE
PL 480 FOR CONSIDERATION BY WASHINGTON AGENCIES.

4. EMBASSY COMMENTS INVITED. VANCE

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NNN

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